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Report of the Intersecretariat Working Group on Price Statistics

Note by the Secretary-General

In accordance with a request of the Statistical Commission at its thirty-third session,** the Secretary-General has the honour to transmit the report of the Intersecretariat Working Group on Price Statistics (Convener: International Labour Organization). The Commission may wish to review the activities of the Working Group.

* E/CN.3/2003/1.

** See *Official Records of the Economic and Social Council, 2002, Supplement No. 4* (E/2002/24), para. 1.

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Report of the Intersecretariat Working Group on Price Statistics

1. A brief note on the work of the Intersecretariat Working Group on Price Statistics was submitted to the Statistical Commission at its thirty-third session.

2. Since then, the work on the revision of the consumer price index (CPI) and producer price index (PPI) manuals has advanced and most of the chapters are being finalized. A list of chapters of the CPI manual is provided in the annex.

3. The Working Group and the technical expert groups on CPI and PPIs met formally once in London from 19 to 21 March 2002, when a joint session of the technical export groups was held. The purpose of the meeting was to review the overall content and pending substantive issues, especially in the light of the observations made at the thirty-third session of the Commission, and also to approve completed chapters, focus and agree on the plan for finalizing the work and develop publication strategies. Publication of a single book on each price index is expected to be preferable from the users' point of view and is also the most cost-effective option.

4. The structure, content and chapter ordering of the CPI manual were reviewed once again to accommodate the concerns expressed at various meetings that to many users the manual would appear as too theoretical for their needs. There was a general agreement that a better balance between operational and theoretical chapters could be achieved by: (a) elaborating more on issues that are particularly relevant for developing countries, e.g., price collection from outlets without permanent address and bargaining prices; (b) simplifying and shortening the theoretical chapters to the extent possible; (c) moving theoretical chapters to the end of the manual; and (d) providing an introductory overview of all the issues discussed in the manual, with detailed references on how those were discussed in both the operational and the theoretical chapters. The new chapter sequencing is set out in the annex. It was agreed that the PPI manual would conform to the structure of the CPI manual.

5. The structure and draft chapters of the revised CPI manual were briefly considered at an Economic Community of West African States meeting on the harmonization of national accounts and CPIs, held in Togo from 16 to 18 September 2002.

6. The final meeting of the CPI technical expert group was held in London on 14 and 15 October 2002. A small group of authors/reviewers met together to resolve a number of outstanding drafting/technical issues, especially with respect to the terminology used and to approve the manual. The finalized draft was expected to be ready before the end of December 2002.

7. The final meeting of the technical expert group on PPIs is scheduled to be held from 25 to 27 February 2003 in Washington, D.C. The expert group expects to have completed the manual by May 2003 and to hold a focus group meeting of PPI manual users in June 2003. Final publication is anticipated for early fall 2003, incorporating the conclusions of the June meeting.

Annex

Consumer Price Index Manual

List of chapters

Preface (including acknowledgements)

Reader's guide

Chapters

1. **Introduction**
2. **Uses of CPIs**
3. **Concepts, scope and classifications**
4. **Expenditure weights**
5. **Sampling issues**
6. **Price collection**
7. **Adjusting for quality change**
8. **Item substitution and new products**
9. **Overview of CPI calculation**
10. **Some special cases**
11. **Errors and bias**
12. **Organization and management**
13. **Publication and dissemination**
14. **The system of price indices**
15. **Basic index theory**
16. **Axiomatic and stochastic approaches to indices**
17. **The economic approach**
18. **Aggregation issues**
19. **Numerical examples**
20. **Elementary indices**
21. **Quality change and hedonics**
22. **Seasonal products**
23. **Durables and user costs**

Glossary

References

Annexes

I. EU harmonized index

II. COICOP

III. ILO resolution on CPI

IV. CPIs and purchasing power parities